



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 4-15-98
Time: 4:10
Rec'd by: [Signature]
Print Name: Charles [Signature]

APR 15 1998

Refer to
Legislative Secretary

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By [Signature]
Time 4:10pm
Date 4-15-98

Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 470, "AN ACT TO PROVIDE ASSISTANCE IN THE RECOVERY OF THE DEVASTATING EFFECTS FROM TYPHOON PAKA, AND TO PROMOTE THE MITIGATION OF THE EFFECTS OF FUTURE STORMS BY ENCOURAGING THE CONSTRUCTION OF TYPHOON RESISTANT HOMES", which I have signed into law today as **Public Law No. 24-168**.

This legislation, containing the provisions of Bill No. 518 transmitted by the Governor on February 19, 1998, makes loans available to those who have Chamorro Land Trust leases, as well as others who need financing to obtain a typhoon-resistant home. It has been difficult to provide loans for Chamorro Land Trust land lessees, because the leasehold nature of the Trust land discourages lending institutions from making loans on land upon which they cannot foreclose mortgages. This legislation makes lending institutions eligible for Qualifying Certificates through the Guam Economic Development Authority's program for loans issued for the next 5 years and which include: 1) a zero down payment; 2) all fees and prepaids included in the loan; and 3) a fixed term interest rate not to exceed 8% per annum.

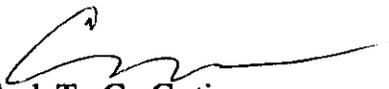
As a result of Supertyphoon Paka, the Federal Home Loan Bank of Seattle, of which some of our local banks are stockholder financial institutions, is offering up to \$120 Million in short-term and long-term disaster relief to renovate and rebuild low and moderate income residential dwellings, as

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well as new construction for wind-proof residential structures. This provides a pool of available money to build typhoon resistant homes.

To provide a mechanism to create collateral for Chamorro Land Trust lessees, this legislation contains an appropriation of \$2.5 Million to the Chamorro Loan Guarantee Fund. This funding will secure loans made available through the Federal Home Loan Bank of Seattle, as well as other lending programs, and these loans can now be made available for Chamorro Land Trust lessees.

Very truly yours,



Carl T. C. Gutierrez

Attachment

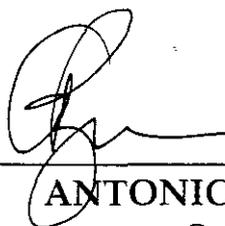
00755

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

TWENTY-FOURTH GUAM LEGISLATURE
1998 (SECOND) Regular Session

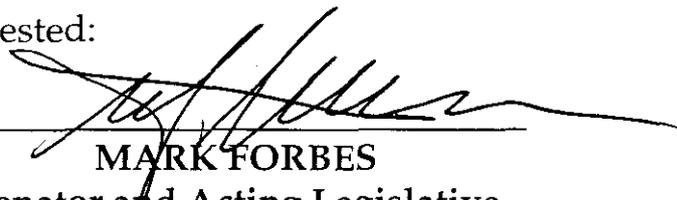
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 470 (COR), "AN ACT TO AMEND CHAPTER 75 OF TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO PROVIDING ASSISTANCE IN THE RECOVERY OF THE DEVASTATING EFFECTS FROM SUPER TYPHOON PAKA, AND TO PROMOTE THE MITIGATION OF THE EFFECTS OF FUTURE TYPHOONS BY ENCOURAGING THE CONSTRUCTION OF TYPHOON RESISTANT HOMES," was on the 30TH day of March, 1998, duly and regularly passed.



ANTONIO R. UNPINGCO
Speaker

Attested:



MARK FORBES
Senator and Acting Legislative
Secretary

This Act was received by the Governor this 3rd day of April, 1998, at
10:30 o'clock a.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 4-15-98

Public Law No. 24-168

TWENTY-FOURTH GUAM LEGISLATURE
1998 (SECOND) Regular Session

Bill No. 470 (COR)

As substituted by the Committee on
Agriculture, Land, Housing, Community
and Human Resources Development and as
further amended on the Floor.

Introduced by:

J. C. Salas
A. C. Blaz
E. J. Cruz
Francisco P. Camacho
L. F. Kasperbauer
T. C. Ada
F. B. Aguon, Jr.
J. M.S. Brown
Felix P. Camacho
M. C. Charfauros
W. B.S.M. Flores
Mark Forbes
A. C. Lamorena, V
C. A. Leon Guerrero
L. Leon Guerrero
V. C. Pangelinan
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

**AN ACT TO AMEND CHAPTER 75 OF TITLE 21 OF
THE GUAM CODE ANNOTATED, RELATIVE TO
PROVIDING ASSISTANCE IN THE RECOVERY
OF THE DEVASTATING EFFECTS FROM SUPER
TYPHOON PAKA, AND TO PROMOTE THE
MITIGATION OF THE EFFECTS OF FUTURE
TYPHOONS BY ENCOURAGING THE**

**CONSTRUCTION OF TYPHOON RESISTANT
HOMES.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Title of Act.** This Act shall be known as the "*Paka*
3 *Disaster Recovery and Mitigation Act of 1998.*"

4 **Section 2. Legislative Findings.** In the wake of Super Typhoon
5 Paka's devastation of Guam on December 16, 1997, the Twenty-Fourth Guam
6 Legislature finds it crucial to enact policies to assist the community in
7 recovering from the destructive effects of the Super Typhoon, especially those
8 who have lost their homes, or who have experienced significant damages to
9 the same, and to promote the mitigation of effects from future typhoons.

10 The Guam Legislature finds that local lending institutions are willing to
11 assist those affected by the Super Typhoon, but not to the extent that the
12 government officials are requesting without some incentives.

13 The Guam Legislature also finds that the Federal Home Loan Bank of
14 Seattle is offering to their stockholder financial institutions operating in
15 Guam, through a special Community Investment Program ("CIP"), up to One
16 Hundred Twenty Million Dollars (\$120,000,000) in both short-term and long-
17 term disaster relief for low and moderate income families to assist with
18 renovation or rebuilding of residential dwellings, and new construction for
19 wind-proof residential structures. Additionally, both short-term and long-
20 term loans will be available for initiatives to finance commercial and economic
21 development activities, including infrastructure, that benefit low and
22 moderate income neighborhoods. Time is of the essence in initiating policies

1 for the Island that take full advantage of the available funds within the
2 specified time period. The CIP program expires on April 30, 1998.

3 It is clear that more wind-proof structures on Island would benefit not
4 only the occupants of the homes, but also the Island in general by reducing
5 the time it takes to recover from a typhoon of such magnitude. More than five
6 thousand (5,000) families were affected by this terrible Super Typhoon.

7 We cite, as a proven example of disaster mitigation, the Federal
8 Emergency Management Agency's ("FEMA's") Sagan Linahjan residential
9 subdivision that was built as a response to the devastation left by Typhoon
10 Omar in 1992, and its success in providing safe homes for these residents
11 throughout the effects of Super Typhoon Paka. If we can offer a similar
12 means of providing secure, wind-proof structures for those families in the low
13 and moderate income range, the cost and time to rebuild the Island, and the
14 impact to these families after inevitable future devastating Super Typhoons,
15 will be greatly reduced.

16 It should also be noted that the Department of Public Works ("DPW")
17 intends to offer free development plans to build concrete residential
18 structures, thereby reducing the costs of construction and ensuring dwelling
19 units are safe and meet the local building code.

20 **Section 3. Incentives Offered to Finance the Construction of Safe**
21 **and Affordable Homes. (a) Legislative Statement.** Consistent
22 with the overall intent of this Act, the government is prepared to offer tax
23 incentives to financial institutions who participate in lending money to
24 finance the construction of safe and affordable homes.

1 **(b) Tax Incentives.** The Governor of Guam, through the Guam
2 Economic Development Authority (“GEDA”), is hereby authorized to offer
3 tax incentives under Chapter 58 of Title 12 of the Guam Code Annotated, the
4 “*Qualifying Certificate Program*,” to financial lending institutions who
5 participate in extending loans for the construction of safe and affordable
6 homes. Lenders who offer: (1) a zero down payment, (2) all fees and prepaids
7 included in the loan, and (3) a fixed term interest rate not to exceed eight
8 percent (8%) per annum, shall be eligible for tax incentives consistent with
9 Chapter 58 of Title 12 of the Guam Code Annotated, for the entire amount of
10 interest charged to the borrower. This Qualifying Certificate Program shall be
11 limited to a five (5) year period, after which GEDA shall conduct a
12 comprehensive review and evaluation and report its findings to the Speaker
13 of the Guam Legislature. The Qualifying Certificate Program shall not be
14 renewed until such time as the Guam Legislature authorizes.

15 GEDA shall promulgate rules and regulations for this program, and
16 submit it to the Guam Legislature for adoption, within three (3) months of the
17 enactment of this Act.

18 **Section 4. Legislative Statement for Chamorro Land Trust Act**
19 **Amendments.** The Guam Legislature finds it vital that all Chamorro Land
20 Trust recipients have the opportunity to build wind-proof housing to ensure
21 that another severe typhoon will not leave these families homeless. The
22 Guam Legislature also finds that Chamorro Land Trust recipients are crippled
23 by their inability to secure these loans against their leased property because
24 local lending institutions cannot place a lien on these lands for collateral

1 purposes. No private lending institution can, based on sound business
2 judgment, risk providing loans in this manner.

3 The Guam Legislature further finds that the various loan programs
4 incorporated into the Chamorro Land Trust Commission ("Commission") are
5 impotent since they are dependent upon a surplus of the General Fund, yet
6 there is no indication that there will be a surplus from the General Fund in the
7 foreseeable future. Therefore, there will continue to be a number of the
8 Commission recipients who cannot construct homes that meet safe building
9 standards, and will be forced to construct substandard homes in an effort to
10 provide some type of shelter for their families.

11 The Guam Legislature therefore amends the Chamorro Land Trust Act
12 as follows to allow recipients the ability to secure loans and construct safe,
13 wind-proof homes.

14 **Section 5. Authorization to Assure U.S. Small Business**
15 **Administration Disaster Assistance Home Loans.** Whereas time is of the
16 essence, the Commission shall be authorized to immediately assure loans
17 from the Chamorro Loan Guarantee Fund for those families duly qualified by
18 the U.S. Small Business Administration ("USSBA") for the issuance of USSBA
19 Super Typhoon Paka disaster assistance home loans, provided, however, that
20 the assurance provided by the Commission shall *not* apply to that portion of
21 any disaster loan issued by USSBA for the loss and replacement of personal
22 effects.

23 **Section 6. Legislative Statement for Chamorro Land Trust Act, Access**
24 **to Financing and the Chamorro Loan Guarantee Fund, 21 GCA §75112(h), to**
25 **Act as Guarantor.** The Guam Legislature finds that the Chamorro Land

1 Trust Commission ("Commission") should guarantee with full faith and
2 credit any mortgage or home improvement loan to Chamorro Land Trust
3 beneficiaries through public and private lending institutions. The designated
4 funds authorized and appropriated pursuant to §7 of this Act should be
5 deposited in the Chamorro Loan Guarantee Fund ("Fund") and should be
6 exclusively reserved and utilized as collateral for loans described above;
7 provided, however, that any money in the Fund which is not encumbered as
8 collateral for these lending sources and programs should be utilized to
9 guarantee loans from other public or private lending institutions or programs
10 consistent with Chapter 75 of Title 21 of the Guam Code Annotated, or as
11 matching funds or security for public or private grants or loans for capital
12 improvement projects initiated or undertaken by the Commission.

13 **Section 7. Appropriation.** Two Million Five Hundred Thousand
14 Dollars (\$2,500,000) is appropriated from the General Fund to the Chamorro
15 Loan Guarantee Fund for the purpose of guaranteeing mortgages and loans
16 issued to Chamorro Land Trust Beneficiaries pursuant to both public and
17 private lending programs, and as further provided for pursuant to Chapter 75
18 of Title 21 of the Guam Code Annotated.

19 **Section 8.** Section 75112(h) of Chapter 75, Division 2 of Title 21 of the
20 Guam Code Annotated is hereby amended to read as follows:

21 **"(h) The Chamorro Loan Guarantee Fund.** The Commission is
22 authorized to create a Fund out of which loans made by governmental
23 agencies or lending institutions to those holding leases or licenses issued
24 under §75107 of this Chapter may be guaranteed. This guarantee may

1 be for home or commercial loan purposes. The loan guarantees shall be
2 subject to the restrictions imposed by §§75108 and 75113 of this Act.”

3 The Commission’s guarantee of repayment shall be adequate
4 security for a loan under any Guam law prescribing the nature, amount,
5 or form of security, or requiring security upon which loans may be
6 made. This guarantee shall include, but not be limited to, loans secured
7 or obtained through the CIP and other programs of the Federal Home
8 Loan Bank of Seattle, United States Federal agencies and
9 instrumentalities, or any other public or private lending institution or
10 program duly authorized to do business on Guam.

11 **(1) Loan Default Remedy.** In the event of a loan
12 default, the Commission shall offer and reassign to the next
13 qualified applicant the opportunity to assume any loan in default
14 guaranteed by the Chamorro Loan Guarantee Fund. The
15 Commission shall pursue this remedy to avert a loan default prior
16 to making any direct repayment of a loan and accrued interest
17 with funds from the Chamorro Loan Guarantee Fund.

18 **(2)** For purposes of this Section, a mortgage is considered
19 in default when payments due upon the mortgage have not been
20 satisfactorily tendered for a period of one hundred twenty (120)
21 calendar days. The lending institutions shall provide to the
22 Commission advance notice of a potential default in instances
23 where payments due upon a mortgage have not been satisfactorily
24 tendered for a period of sixty (60) calendar days. In cases where
25 the mortgage or loan is obtained through the lending programs of

1 United States agencies and instrumentalities, the period a loan is
2 deemed to be in default if payments due upon the mortgage have
3 not been satisfactorily tendered are determined by the applicable
4 laws, rules and regulations of the respective programs.

5 (3) Upon notification of the default of a loan guaranteed
6 by the Chamorro Loan Guarantee Fund, the Commission shall,
7 during the period pending reassignment of the loan or the
8 determination of the Commission to directly repay the loan and
9 accrued interest due, bring current the payments due the lender
10 with funds so reserved for such purposes in the Chamorro Loan
11 Guarantee Fund. The aggregate amount of the payments made by
12 the Commission to bring the loan current may be recovered by the
13 Commission by adding such amount to the principal amount of
14 the loan being reassigned to and assumed by a qualified
15 Chamorro. All funds so expended and subsequently recovered
16 shall be deposited in the Chamorro Loan Guarantee Fund."

17 **Section 9.** Section 75112(i) is hereby added to Chapter 75,
18 Division 2 of Title 21 of the Guam Code Annotated to read as follows:

19 **"(i) Applicable Taxes on Improvements to Chamorro**
20 **Homelands, and Payment in Lieu of Taxes.** Notwithstanding any
21 other provision of law:

22 1. **Taxes on Improvements to Chamorro Land Trust**
23 **Land.** The holder of any lease or license for the occupation or
24 beneficial use of Chamorro Homelands shall be subject to all
25 applicable taxes on any improvements to any tract so leased or

1 licensed. Taxes assessed for improvements shall be collected by
2 the Department of Revenue and Taxation, which shall maintain a
3 separate record for all such taxes collected.

4 **2. Payment in Lieu of Real Property Taxes on Chamorro**
5 **Land Trust Land.** In lieu of payment of real property taxes,
6 the holder of any lease or license for the occupation or beneficial
7 use of Chamorro Homelands shall pay to the Department of
8 Revenue and Taxation the equivalent sum which would otherwise
9 be paid to the government of Guam in real property taxes, as if the
10 tract or tracts were taxable private real property. For the purpose
11 of accessing payment in lieu of taxes, the Department of Revenue
12 and Taxation shall determine and collect an assessment in a
13 manner consistent with the assessment of real property taxes for
14 privately owned real property. The Department of Revenue and
15 Taxation shall maintain a separate record of all payments in lieu of
16 taxes collected.

17 **3. Deposit and Earmarking of Funds Collected.** All
18 taxes on improvements or payments in lieu of taxes identified in
19 Items 1 and 2 of Subsection (i) of this Section shall be deposited in
20 the Chamorro Loan Guarantee Fund, and is earmarked to carry
21 out the purposes set forth pursuant to this Chapter.”

22 **Section 10.** Section 75108(h) of Chapter 75, Division 2 of Title 21 of
23 the Guam Code Annotated is hereby amended to read as follows:

24 “(h) The Commission may assure the repayment of loans to
25 lessees from local or Federal governmental agencies or instrumentalities,

1 or private lending institutions where such loans have been approved by
2 the Commission up to the limits prescribed in §75112 of this Chapter;
3 provided, that the lessee has no indebtedness due the Commission and
4 the Commission shall not make any loans to the lessee while loans from
5 local and Federal governmental agencies or instrumentalities, or private
6 lending institutions, and guaranteed by the Commission are
7 outstanding; provided further, that upon receipt of notice of default in
8 the payment of such loans, the Commission, may upon failure of lessee
9 to cure the default within sixty (60) calendar days, cancel the lease and
10 thereupon use its best efforts to dispose of the tract to a qualified and
11 responsible native Chamorro or Chamorros as a new lessee who will
12 assume the obligation of the outstanding debt thereby assured, and to
13 make payments to the local or Federal governmental agency, or
14 instrumentality or private lending institution, from available funds
15 either for monthly payments as they become due and payable or for the
16 amount of the debt. In no event shall the aggregate amount assured by
17 the Commission exceed the ability of the Chamorro Loan Guarantee
18 Fund to reasonably provide security for the loans authorized."

19 **Section 11.** Section 75112(b)(2) of Chapter 75, Division 2 of Title 21
20 of the Guam Code Annotated is hereby amended to read as follows:

21 "(2) The Commission may loan, or guarantee the repayment of or
22 otherwise underwrite any authorized loan, up to a maximum amount
23 not to exceed the financial ability of the borrower to satisfy the
24 indebtedness as approved by the lender; provided, that where, upon the
25 death of a lessee living on Chamorro homelands who leaves no relatives

1 qualified to be a lessee of Chamorro homelands, or in the event of the
2 cancellation of a lease by the lessee or by the Commission for cause, then
3 the Commission shall be authorized to make payment and to permit
4 assumption of loans, subject to the provisions of §75113(b)."

5 **Section 12.** Section 75113(a) of Chapter 75, Division 2 of Title 21 of
6 the Guam Code Annotated is hereby amended to read as follows:

7 "(a) The loans shall be repaid in periodic installments, such
8 installments to be monthly, quarterly, semi-annual or annual as may be
9 determined by the Commission in each case. The term of any loan shall
10 not exceed thirty (30) years. Payments of any sum in addition to the
11 required installments, or payment of the entire amount of the loan, may
12 be made at any time within the term of the loan. All unpaid balances of
13 principal shall bear interest at the rate of two and one-half percent
14 (2½%) a year for loans made directly from the Chamorro Home Loan
15 Fund, or at the rate of two and one-half percent (2½%), or higher, as
16 established by law, rule or regulation for other loans made or
17 guaranteed by the Commission, payable periodically or upon demand
18 as the Commission may determine. The payment of any installment due
19 shall be postponed in whole or in part by the Commission for such
20 reasons as it deems good and sufficient and until such later date as it
21 deems advisable. Such postponed payments shall continue to bear
22 interest at the rate of two and one-half percent (2½%) a year, or higher,
23 as established by law, rule or regulation for other loans made or
24 guaranteed by the Commission, on the unpaid principal.
25 Notwithstanding any other provision of law, rule, regulation or this

1 Chapter 75, this Subsection (a) shall not diminish nor relieve the
2 Commission of its obligation to assure or effect the periodic or full
3 repayment of loans issued to a lessee by local or Federal governmental
4 agencies or instrumentalities or private lending institutions, where such
5 loans have been guaranteed by the Commission.”

6 **Section 13. Severability.** If any provision of this Law or its
7 application to any person or circumstance is found to be invalid or contrary to
8 law, such invalidity shall not affect the other provisions or applications of this
9 Law which can be given effect without the invalid provisions or application,
10 and to this end the provisions of this Law are severable.

24-168



24th GUAM LEGISLATURE

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS CHAIRMAN

March 17, 1998

The Honorable Antonio R. Unpingco Speaker Twenty-Fourth Guam Legislature 155 Hesler Street Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Agricultural, Land, Housing, Community & Human Resources Development to which was referred Bill 470 (an Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes), has had the same under consideration and now wishes to report back the same, with the recommendation TO DO PASS as substituted by the Committee.

The Committee votes are as follows:

To Do Pass 6
Not To Pass 1
Abstain 1
Other (Off-Island) 1

A copy of the Committee's report and other pertinent documents are enclosed for your reference and information.

Sincerely,

John C. Salas
Senator John Camacho Salas
Chairman

Attachments



SENATOR JOHN CAMACHO SALAS CHAIRMAN

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

VOTING SHEET

BILL NUMBER 470

TITLE An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes.

	TO DO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
 John Camacho Salas, Chairman	✓			
 Eduardo J. Cruz, M.D., Vice-Chairman	✓			
Elizabeth Barrett-Anderson, Member				
 Larry F. Kasperbauer, Member	x			
 Felix V. Camacho, Member	x			
 Carlotta A. Leon Guerrero, Member	✓			
Thomas C. Ada, Member				
William B.S.M. Flores, Member				
 Frank B. Aguon, Jr., Member	✓			

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 470 (LS) Date Received: January 02, 1998
 Amendatory Bill: Yes Date Reviewed: January 02, 1998

Department/Agency Affected: Guam Housing Corporation / Guam Economic Development Authority / Chamorro Land Trust Commission

Department/Agency Head: James Seblan, President / Ed Untalan, Administrator / Joe Borja, Director

Total FY Appropriation to Date: Autonomous / Autonomous / \$450,000

Bill Title (preamble): AN ACT TO PROVIDE ASSISTANCE IN THE RECOVERY OF THE DEVASTATING EFFECTS FROM TYPHOON PAKA, AND TO PROMOTE THE CONSTRUCTION OF TYPHOON RESISTANT HOMES.

Change in Law: Bill 470 promotes the sale of Chamorro Land Trust Commission residential lots to qualified applicants.

Bill's Impact on Present Program Funding:
 Increase X Decrease _____ Reallocation _____ No Change _____

Bill is for:
 Operations _____ Capital Improvement X Other _____

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<i>Autonomous / Natural Resources, Recreation and Arts</i>	11		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	11					
OTHER	11					
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ _____
 AGENCY/PERSON/DATE CONTACTED: _____

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	11					
OTHER	11					
TOTAL						

ANALYST Md DATE 01/02/98 DIRECTOR Francis Gallegos DATE JAN 02 1998
 M. Dizon Joseph E. Rivera, Acting

FOOTNOTES: See attached.

11

Bill 470 (LS) proposes to (1) allow the sale of Chamorro Land Trust Commission (CLTC) residential lots to qualified applicants and (2) establish a Community Investment Program (CIP) to provide disaster relief in the renovation or rebuilding of windproof residential structures..

CLTC residential lots will be sold for \$2,500 and cannot be leased, sold, conveyed or otherwise transferred for a period of 10 years. The proceeds of the land sale will be deposited into the Chamorro Home Loan Fund. After 10 years if the landowner wishes to sell the property the CLTC shall have the first right of refusal.

Additionally the Governor of Guam is authorized to secure money through the Guam Housing Corporation (GHC). These funds shall be used for development of various affordable housing programs on islands.

Furthermore the Governor, through the Guam Economic Development Authority (GEDA) to offer tax incentives under the Qualifying Certificate (QC) program to financial lending institutions that are stockholders in the Federal Home Loan Bank of Seattle and that participate in extending loans through the CIP program.

The fiscal effect of such measures as proposed by Bill 470 will sacrifice potential revenues through the QC program. However this bill could also stimulate the construction industry in the renovation or rebuilding of windproof residential structures. Such stimulation could offset the potential revenue loss through the QC program.



COMMITTEE ON
AGRICULTURE, LAND, HOUSING,
COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

PUBLIC HEARING

Legislative Public Hearing Room
Wednesday, January 14, 1998
2:00 P.M.

AGENDA

Bill 399 - An Act to add a new section to Article 1, Chapter 62, 21 GCA, relative to defining the rights and obligations relating to public access and utility easements.

Bill 399 redefines the rights and obligations of government and landowners regarding public access and utility easements. Current laws are somewhat ambiguous and have led to disputes regarding public access as well as utility easements. This bill is introduced by Sen. John C. Salas, seeks to clarify existing law.

Bill 446 - An Act to designate Lot No. 189-B-2, located in the Municipality of Agat, as an access and utility easement.

Bill 446 would designate a fractional lot as an access and utility easement. The bill is an attempt to right a wrong involving an Agat resident's access to her own property. When neighboring property was conveyed by the 22nd Legislature, the woman lost access to her home. The bill is introduced by Sen. John C. Salas.

Bill 440 - An Act to rezone Lot No. 46-2-1, Municipality of Agana Heights, Guam (formerly Municipality of Sinajana, Guam) containing an area of 749.21+ square meters, together with the duplex apartment situated thereon owned by Bernice Mercedes Gay is hereby rezoned from R-1 single family dwelling to R-2 multi-family dwelling.

Bill 440 seeks to rezone property in Agana Heights, which already contained a duplex apartment, from R-1 Single Family to R-2 Multi-Family. The bill is introduced by Senator Anthony C. Blaz.

Bill 470 - An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon-resistant homes.

Bill 470 seeks to provide typhoon assistance as well as minimize future typhoon damage by tapping into a Community Investment Program, of up to \$120,000,000 in federal money. The bill would offer relief for low and moderate income families to assist with renovation, rebuilding and new construction. Essentially, the government would offer tax incentives to participating financial institutions who offer zero down payment, all fees included in the loan and a fixed term interest rate. Those tax incentives would also be extended to developers and contractors who participate as well. This bill is introduced by Sen. John C. Salas.

Committee on Agriculture, Land, Housing,
Community & Human Resources Development
Committee Report on Bill 470
January 14, 1998

Bill 470: An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon-resistant homes.

I. BACKGROUND

Senator John Camacho Salas, Chairman for the Committee, conducted a public hearing on Bill No. 470 on January 14, 1998 at the legislature's public hearing room in Agana, Guam.

Committee members present included:

Senator John Camacho Salas, Chairman
Senator Edwardo J. Cruz, Vice-Chairman
Senator Frank B. Aguon, Jr., Member
Senator Lawrence Kasperbauer, Member
Senator Thomas Ada, Member
Senator Elizabeth Barrett-Anderson, Member

Other senators present:

Senator Francisco P. Camacho
Senator Lou Leon Guerrero
Senator Angel Santos

II. SPONSORS

Senator John C. Salas
Senator Edwardo J. Cruz

III. SYNOPSIS

Bill 470 seeks to provide typhoon assistance to those families who lost their homes or suffered damage as well as spur construction of affordable, typhoon resistant homes on Guam. The bill would essentially provide incentives to financial institutions that can offer 100% financed, zero downpayment fixed rate, long term loans to low and moderate income families. The loan funds will come from the Federal Home Loan Bank of Seattle's (FHLB) Community Investment Program (CIP) which provides financial institutions up to \$120 million in community development funds. Incentives would also be offered to contractors and developers who construct and provide affordable housing while minimizing the cost to consumers.

Bill 470 also addresses the infrastructure situation in regards to the Chamorro Land Trust, Lada Estates, and the Land for the Landless programs by borrowing funds through the CIP to develop infrastructure.

The bill further seeks to address the Chamorro Land Trust recipients' inability to finance construction of affordable, typhoon resistant homes by allowing the fee simple ownership of Trust lands. This would provide Trust recipients the collateral needed to secure home loans.



SENATOR JOHN CAMACHO SALAS CHAIRMAN

1

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

COPY

TESTIMONY SIGN IN SHEET

Wednesday, January 14, 1998

Bill Number 470

Title An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes.

NAME	ORGANIZATION	TESTIMONY
✓ Michael F. Phillips	Self	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 477-2223	MAILING ADDRESS: 410 West O'Brien Dr.	
✓ ED BENAVENTE	NACION CHAMORU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT:	MAILING ADDRESS:	
← Joe Peredo	Nacion Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 734-3242	MAILING ADDRESS:	
✓ RONALD T. LAGUANA	Self	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 475-0537	MAILING ADDRESS:	
← Cerilo Reyes		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 565-7603	MAILING ADDRESS:	
✓ Vincent S. Santos		<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
CONTACT: Box 182 Agana	MAILING ADDRESS: 565-2024 / 344-9382	
✓ Angel Cruz Santos	NACION Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: P.O. BOX 21806 G.M.F.	MAILING ADDRESS:	
Amanda W.G. Santos	NACION Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: P.O. BOX 21806 G.M.F.	MAILING ADDRESS:	
Emilina R. Cruz		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: P.O. Box 146 W. Achote St. Dededo	MAILING ADDRESS:	



SENATOR JOHN CAMACHO SALAS CHAIRMAN

2

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

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Wednesday, January 14, 1998

Bill Number 470

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NAME	ORGANIZATION	TESTIMONY
Vicente Santos	None	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>None</i>
Taling Taitano	GHURA	<input checked="" type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
Ul Cantu C. Cruz		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>None</i>
Benavente Robert	Chamorro Nation	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Howard Hemsing	Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Derrick San Nicolas	(CTM) Chamorro Tribe of Marianas	<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL <i>will submit</i>
Vicente C. Cruz	(CTM)	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Andrew Camacho	CTM	<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>None will submit date</i>
Ryan Jason San Nicolas	(CTM)	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>None</i>



SENATOR JOHN CALIACHO SALAS CHAIRMAN

(3)

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

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Wednesday, January 14, 1998

Bill Number 470

(COPY)

Title An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes.

NAME	ORGANIZATION	TESTIMONY
<i>Rosamundo C. Bell</i>	<i>Farmer</i>	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
<i>FRANK J. TROY</i>		<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL <i>NONE</i>
<i>Aquon, Quanta</i>		<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
<i>Josefa M. Borja</i>	<i>Chamorro Land Trust</i>	<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL



SENATOR JOHN CAMACHO SALAS
CHAIRMAN

4

COMMITTEE ON AGRICULTURE, LAND, HOUSING, **COPY** COMMUNITY
AND HUMAN RESOURCES DEVELOPMENT

TESTIMONY SIGN IN SHEET

Wednesday, January 14, 1998

Bill Number 470

Title An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes.

NAME	ORGANIZATION	TESTIMONY
Enrique R. Cruz	Nasion Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Box W Achote St, Dededo		
Martha Howe	Nasion Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
P.O. Box 9674 Santa Rita		
GONZALO CRUZ		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
P.O. Box 789 AGANA		
ANTONIA NI REYES	10 Togahast. Talofofo	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
Tina Salonga		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Paul Castro		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CATHERINE V. TAITAGUE		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Carol Ann Ibanez	atc	<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
477-7119 P.O. B. 2193 Agaña		
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL



SENATOR JOHN CAMACHO SALAS

CHAIRMAN

5

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COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

TESTIMONY SIGN IN SHEET

Wednesday, January 14, 1998

Bill Number 470

Title An Act to provide assistance in the recovery of the devastating effects from Typhoon Paka, and to promote the construction of typhoon resistant homes.

NAME <i>ALWIN J. DUEÑAS</i>	ORGANIZATION <i>PRIVATE CITIZEN</i>	TESTIMONY <input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN
CONTACT # <i>734-8926</i>	MAILING ADDRESS <i>Box 244 AGANA GU 96902</i>	<input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
NAME <i>Harold J. Cruz</i>	ORGANIZATION <i>self (private citizen)</i>	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT # <i>637-8571</i>	MAILING ADDRESS <i>P.O. Box 86 Agana, Gu. 96932</i>	<input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
NAME <i>GEORGES S. GINES</i>	ORGANIZATION <i>PRIVATE CITIZEN</i>	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT #	MAILING ADDRESS	<input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>NONE</i>
NAME <i>Judith M. Gines</i>	ORGANIZATION <i>Private Citizen</i>	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT #	MAILING ADDRESS	<input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL <i>None</i>
NAME <i>DOMINGO B. Herrera</i>	ORGANIZATION	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT # <i>565-2504</i>	MAILING ADDRESS <i>270 UNIMAR B. Agaña</i>	<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
NAME	ORGANIZATION	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
NAME	ORGANIZATION	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
NAME	ORGANIZATION	TESTIMONY <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL



SENATOR JOHN CAMACHO SALAS
CHAIRMAN

(6)

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY
AND HUMAN RESOURCES DEVELOPMENT

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Wednesday, January 14, 1998

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NAME	ORGANIZATION	TESTIMONY
ED. PEREDO	NACION CHAMURU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 637-8076	MAILING ADDRESS: P.O. Box 23032 GME 96921	
MARGARITA C. MAFNAS		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 789-4424	MAILING ADDRESS: 209 Francisco Reyes Ave	
JUAN B. ACELLE	NACION CHAMURU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 734-2726	MAILING ADDRESS: POB 2014 GME	
FRANCISCO B. FLORES		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 734-6552	MAILING ADDRESS: 216 A LALO RD. Mangilao	
DORIS K.C. CHARPAURUS		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: DORIS 734-6451	MAILING ADDRESS: P.O. BOX 3754 Agaña	
Johnny C. CHARPAURUS		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT: 734 6431	MAILING ADDRESS: P.O. Box 3754 AGAÑA, GU.	
John Anderson L.G.		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT:	MAILING ADDRESS: 535 Chalan Pale ste. 116-15 Yigo	
Rufo Luzan	OPI-R	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
CONTACT:	MAILING ADDRESS:	
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL



SENATOR JOHN CAMACHO SALAS
CHAIRMAN

(7)

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COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY
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NAME	ORGANIZATION	TESTIMONY
Lourdes B. Borja	Nacion Chamoru	<input type="checkbox"/> FOR <input checked="" type="checkbox"/> WRITTEN
734-0251	2004-A S. Cruz st. Pagat, Mangilao	<input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Vicente S Borja	NACION CHAMORU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
	PAGAT MANGILAO	<input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Trinidad M. Borja	Nacion Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
	Pagat Mangilao	<input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Martha C. Duenas	Cham. nation	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
789-1266	50 San Miguel st.	<input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
Ramona C. Castro	Cham. nation	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
789-0015	50 San Miguel st. Talofofu	<input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
Kesalis B. Mesa	Cham Nation	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
734-3392	128-Labor pl. Barr.	<input checked="" type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL



SENATOR JOHN CAMACHO SALAS
CHAIRMAN

8

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY
AND HUMAN RESOURCES DEVELOPMENT

COPY

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Bill Number 470

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NAME	ORGANIZATION	TESTIMONY
Danny H. Jackson	NACION CHAMORU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT # 632-2857	MAILING ADDRESS P.O. BOX 26067 CMF.	
Josephine C. Jackson	NACION Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT # 632-2857	MAILING ADDRESS P.O. BOX 26067 CMF	
Ana Borja		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT # 9447	MAILING ADDRESS Dededo	
ORIS SANTOS	NACION CHAMORU	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT # 734.5091	MAILING ADDRESS	
JOEY PEREZ		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT #	MAILING ADDRESS P.O. Box 1186 AGANA GU 96932	
Rose Taitano N.C.		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input checked="" type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
CONTACT # 653-1208	MAILING ADDRESS P.O. Box 11403 Yigo GU 96929	
JUANITA P. ORUZ	NACION Chamoru	<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
CONTACT # PH 637-5745	MAILING ADDRESS P.O. Box 26003 CMF	
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN <input type="checkbox"/> AGAINST <input type="checkbox"/> ORAL

IV. TESTIMONIES

Chairman Salas provided an overview of the bill. He described how he came upon this concept following a banker's meeting at Government House right before Christmas. The Chairman gave the salient points of the bill:

1. Provide 100% financed, zero down payment loans to build safe, secure homes.
2. Complete infrastructure for languishing developments in Yigo, Merizo, Inarajan, Agat, Umatac, and Dededo
3. Give Chamorro Land Trust Act recipients the chance to buy their lot for \$2,500. This will empower land trust residents to use the land for home loans. Safeguards will be in place to ensure that Chamorro Land Trust lands stay in the Chamorro hands.
4. Give over 25,000 families the chance to build safe, secure homes.
5. Jump start languishing developments in Yigo, Merizo, Inarajan, Agat, Umatac, and Dededo to get home construction started.
6. Chamorro Land Trust recipients can build safe, secure homes.
7. Lower the number of homes that may be destroyed or seriously damaged in subsequent typhoons, speeding up recovery and lessening the impact to families.
8. Pump vitally needed money into Guam's economy.

He noted that he attempted to put this bill on the session agenda as an emergency measure during the January 2, 1998 session. However, Bill 470 was not accepted as an emergency measure. Chairman Salas met with Mr. Ed Benavente, Senator Vicente Pangelinan, and Senator Angel Santos. After listening to their concerns, Chairman Salas decided to pull the bill back and form a working group to go over these concerns.

Senator Angel Santos remarked for the record that lending institutions have refused to grant loans to applicants of the Land for the Landless Program and other programs in which Guam's residents have had the opportunity to purchase government of Guam land. He stated that the sale of Chamorro Land Trust lands will meet with the same obstacle and the Trust recipients will not be able to secure loans to build homes.

Michael Phillips testified in opposition to the bill. Phillips provided a legal perspective on the Chamorro Land Trust. He noted that the Chamorro Nation won the case of whether or not the Chamorro Land Trust is constitutional because the argument raised was that the Trust would provide a homeland for the Chamorro people. He expressed concern that notwithstanding the bill's good intentions, the bill would surely jeopardize the ownership of the land by Chamorros and endanger the Trust.

Phillips also raised concern with the severability clause contained in the bill. He noted that combined with the alienation clause contained in the bill, would violate the right to perpetuity of Trust lands. He also expressed concern that the source of income is from an off-island bank.

Chairman Salas clarified that relationship between that FHLB and Guam banks. He explained that there are 8 member banks on Guam who are stockholders of the FHLB. These banks pay a fee and can participate in various programs sponsored by the FHLB.

Phillips expressed concern that if the government of Guam is going guarantee loans to Trust recipients, the loans should be at a much better rate. He was also concerned that the tax breaks to the FHLB member banks are too great considering the government guarantee.

Phillips also spoke against the bill's provision to pass the cost of infrastructure to Trust or other program participants.

He further stated that the bill is not a special program to provide assistance to Paka disaster victims. Instead the bill is advantageous to banks, and puts in jeopardy the ownership of Trust lands by the Chamorro people. He further observed that every time Chamorro Nation and other supporters of the Trust have come before the Legislature, there is always an attempt to dilute the ownership of the land from the Chamorro people.

Ed Benavente, Chamorro Nation, testified in opposition to the bill and noted agreement with testimony provided by Michael Phillips. He observed that it has been 7 years since this issue of Chamorro Land Trust ownership was jeopardized. He expressed concern and disappointment that CLTC officials themselves are in support of this bill when in fact they should be protecting the ownership of the Chamorro lands for Chamorros.

Chairman Salas asked Ed Benavente if he is opposed to the concept of helping the victims of the recent disaster?

Ed Benavente continued by saying that he and his group are always suspicious when the Legislature tries to "put its hands into the cookie jar and take away land from the Chamorros!"

Ed Benavente expressed his dismay in that he thought the Chairman of the Chamorro Land Trust would be here to oppose the bill on behalf of Chamorros, but instead finds that CLTC is in support of the bill. He noted that Judge Benjamin J. Cruz was correct when he ruled that we must do all to protect the Chamorro Land Trust. Ed Benavente noted the incompatibility of a Trust with the sell of land.

Chairman Salas asked Ed Benavente if he would support the bill if all references to the Trust are deleted. He further asked Ed Benavente if he would participate in a task force to create a better bill.

Ed Benavente stated that he was not selected as a member of the Trust and that the Commission members were selected to come up with creative ways to create programs for the Trust. He further noted that the Trust Commission members lack the wisdom to come up with ways to further the Trust and called for the Trust Commission Chairperson's resignation.

Joe Peredo, Chamorro Nation, respectfully asked the Senators to remember that the intent of the Chamorro Land Trust is to perpetuate the people, the culture and selling the land will kill both. He therefore testified against the bill and asked the Committee to find a better, more creative solution to help the people on this land.

Ronald T. Laguana, Chamorro Nation, (Paraphrased and translated from Chamorro) I represent myself, as well as the Chamorro Nation. My father is the late banker Carlos Laguana who taught me two lessons. Beware of people who offer you money; and "Son, never, never sell the land!"

Senator Edwardo J. Cruz commented that the witnesses had taught him a valuable lesson, something that was taught to him in his youth. The lesson, he remarked, is to never sell the land.

Senator Lou Leon Guerrero noted her agreement with Mike Phillips. She noted that when we have federal protection over these loans, why does the government of Guam need to step in. FEMA provides assistance for Chamorro Land Trust residents who have lost

their homes in the storm. She further noted that residents qualify for both FEMA grants as well as SBA loans. She expressed her understanding that local lending institutions would be willing to take part in the Trust.

Ed Benavente pointed out to the Committee that Chairman Salas earlier stated those on Trust land are not receiving FEMA grants. Chairman Salas clarified for Ed Benavente's behalf that Trust residents are not entitled to long-term loans under SBA but are only eligible for disaster mitigation, short-term loans.

Senator Vicente C. Pangelinan believes some people can access SBA loans. He noted that commercial institutions will loan money on leaseholds as long as the lease is twice as long as the mortgage. Since the lease on Chamorro Land Trust lands is 3 times as long as the term of the note, the opportunity for loans is there. Ed Benavente asks that the CLTC Chairperson be informed of this. Senator Lou Leon Guerrero reassured Ed Benavente that there is funding available as she researched it personally. There is right now the opportunity to get the immediate help. FEMA and SBA only require documentation.

Senator Frank B. Aguon commended all for being at the hearing, especially those who are the true "guardians of the Trust." He noted that Bank of Hawaii had, several months ago, notified the CLTC that it could not participate in loans to Trust recipients. He felt that this bill is trying to rectify the situation. However, he stated that he agreed with Senator Lou Leon Guerrero that there are still opportunities and ways local banks can lend help to those who need it. The issue, he expressed, is that the government of Guam must find creative ways to assist these people.

Cerilo Reyes asked how a lending institution lend money to those who do not own land.

Senator Pangelinan explained to Cerilo Reyes that banks would lend on leaseholds as long as the lease is twice the length of the term of the loan. He reiterated that he would not support the bill as long as it contains a provision for the sale of Trust lands. He noted that he would continue working with the Chairman in finding financial solutions to the Trust issue. He noted that the Federal government will most likely lower the interest rate at the next Federal reserve Board meeting. This means that mortgage rates have dropped and borrowers may be able to secure 30 year loans at 5.7% to 6.1%, granted that the borrower will have to meet the 20% downpayment. In the proposed program, he further noted, borrowers will get a loan at over 8% for a no down payment, 100% financed loan for incentives to banks. He asked where the pass-on of savings is with the rebate of taxes? He further noted that the bill limits the equity of the land to \$2,500. This would restrict the value of the land and is detrimental to Chamorros. He expressed concern that if there is money to be made, the banks will give the loan. Banks are not doing anything special yet the government of Guam is giving them tax breaks. If we proceed with this, we should ask banks to lower qualifications because government is guaranteeing it.

Senator Frank Camacho Believes CLTC people are on the right side of the issue. They're looking for ways to help. "I will not support this bill if the selling of Chamorro Land Trust is in it." He would like to work on something, if there's a way to get the loan, it should be done.

Senator Elizabeth Barrett-Anderson noted that "I've see the Trust invaded numerous times by exchange and transfers, not selling. I have voted no every time on exchanging land from the Trust. It is a legal entity." She agrees with Ed Benavente that the sale of land and Trust are not consistent. Will not vote to take anything else out of the trust. This is a complete violation of the Trust. The trustees have an obligation to the beneficiaries.

Senator Kasperbauer note that his position has been and will continue to be that we must resolve the dilemma where people have access to land and are unable to do anything with it.

Applauds the sponsors for getting it out into the open. The purpose of this hearing is to move forward. "What good is the land if you can't do anything with it?" He is willing to work with the chair and wants to do good instead of being politically wise.

Chairman Salas says there is room to talk. The purpose of this hearing is to see how you feel. I also find I'm alone at the table. Asks if he can take the 38 names from the Nacion Chamorro and include them in the record as being opposed.

Amanda Santos testified against the bill. She is not in favor of this game of giving Chamorro land to non-Chamorros.

Howard Hensing testified against the bill. Noted that he would never support this bill, because he sees in this bill possible corruption by people to steal Chamorro land. Federal laws supersedes local law. So despite the so-called protection in your bill, there will be nothing holding back the Chamorro who will sell out his land to a Chinese or Korean.

Charlie Cruz, Chamorro Nation. Suggests that Senator Salas take the bill and go backwards with it. He is opposed to the foreclosure provisions on page 8.

Senator Pangelinana stepped in to explain that there are two issues here: default and foreclosure, and the outright sale by the Chamorro owner to another Chamorro.

Rosemunda Bordallo. CLTC is a trust, pure and simple. We just cannot, must not, sell Chamorro land under any circumstances. Why is Seattle now coming to Guam to "help" us after Typhoon Paka? Doesn't believe they are here to help, but just here to make money off us!

Patrick San Nicolas, Chairman of Chamorro Tribe of the Marianas, offered a financial suggestion. Give hotels tax abatement. Give construction companies tax breaks to allow them to build homes and subsidized rates. He testified against Bill 470.

Carol Ibanez, Chairwoman of Chamorro Land Trust Board of Commissioners. She stated that her initial support of the bill was to support the bill with the amendments not to sell Chamorro lands, and protect the interests of the Trust. She asked that CLTC be given the true autonomy it deserves to allow us to do our job properly. She wants to see the CLTC as a true Trust, not to be manipulated by either the Legislature or the Executive office. We become adversarial. She feels the CLTC is not really a true trust. And that it operates at the whim and fancy of the Legislature and Executive office.

David B. Herrera. He noted that he is very disappointed with the little progress being made to recipients of Land Trust, most of them still living in apartments. Only about 30% of Land Trust recipients have been shown their lots to date. Why? Laziness? If our people don't want to help themselves, then even if the government spoon feeds them they won't be helped. People want to help themselves first, before the government can come in to help them. Reminds him of the movie *Titanic*, i.e. people were afraid to get off the ship onto life rafts when the Titanic hit the iceberg. The Titanic is the Land Trust. He asked that this public hearing also be held at Agat.

Chairman Salas had to offer clarification on two versions of the bill being circulated. He made clear that the official bill being heard today has only Senator Salas and Senator Cruz as sponsors. He stated that Senator Forbes and Senator Blaz are not sponsors.

Patty Garrido, President of the Ancestral Landowners Coalition also testified against Bill 470. Opposes the bill as written. Land Trust land must remain with Chamorros in perpetuity from generation to generation. Opposes sale of Land Trust land in any manner. It violates integrity of the trust. Gave a history of Chamorro culture in her testimony.

Land Trust was created to protect our lands for Chamorros. We must protect it. We must be creative in finding other financial assistance to Land Trust recipients. Land Trust land is not for sale. Chamorro homeland is not for sale.

Ms. Maria Yatar. I'm more interested in progressing than in making a lot of noise here at this hearing. I am a CLT lease recipient. She praises the work and assistance of the CLT commission members and staff. I see this bill as a step forward, despite all the negative things I am hearing today. I need a roof over my head. I think CLTC has been getting all the bashing, but really they are doing a fine job. Let's not throw out the baby with the water. The bill has some good points. Let's look at the good we can get out of this. The bill provides that a Chamorro must sell to another Chamorro, but nothing in the bill that requires the second Chamorro to sell to a third Chamorro.

Mr. Joseph Borja, Administrator, Chamorro Land Trust Commission, gave joint testimony of CLTC, Guam Housing Corporation, and the Guam Economic Development Authority. See written testimony submitted.

Mr. Borja noted that if done carefully, it could establish means for real assistance for our people to build/reinforce their homes. Currently there is a 60/40 ratio of renters to homeowners, which is reversed from mainland standards. This bill could reverse that.

Feels that the amendments to be made to this bill will make it acceptable to be a win-win situation to the people of Guam.

Senator Cruz. Wants to know what prevents recipients of Land Trust from FEMA and SBA assistance.

Mr. Borja. FEMA is no problem in giving assistance to Land Trust recipients. A bit different with SBA. SBA is more concerned with the guarantee of the loan, not so much the ownership in fee simple of the land.

Senator Cruz. Is this Seattle Bank in competition with FEMA and SBA? Also seems that the whole thrust of the objections is the word "sale" of Chamorro lands.

Senator Lou Leon Guerrero. Agrees that the government guarantee and QCs may not be really necessary. Local banks are already offering low interest rate loans. Questions how we assist Land Trust recipients to build their homes through this program, without jeopardizing the integrity of the lands for Chamorros.

Senator Pangelinan. What happens to equity of the first person who now sells his property? We need to clarify that. Not fair to take away that equity from the original owner.

Mr. Borja. CLTC will buy the mortgage, pay off the owner's equity, and pass on the mortgage to another Chamorro.

Senator Angel Santos. Cannot understand why VA can give loans to us, yet SBA can not! Says we should simply drop this bill, and not get it on the floor. I'm very scared that if we sell our lands under the guise of assisting our people, we will lose our lands. This law will be in conflict with federal laws as discriminatory, and we will endanger the ownership of our land and that the CLT will be ruled illegal, and we will lose our lands.

Chairman Salas. Will you still be opposed to the bill despite the amendments proposed?

Ed Benavente. Mr. Chairman, we're now talking about an amended bill. We deserve to be heard again if we are now talking about a bill different from 470.

Chairman Salas. The amendments are a testimony on Bill 470. I am not saying the committee is accepting the amendments.

Chairman Salas. Noted that the Committee will work on the bill and come to a conclusion.

V. COMMITTEE FINDINGS

The Committee finds that the intent of Bill 470 is vast in scope, addressing the Chamorro Land Trust recipient as well as thousands of other families that are in need of assistance to repair typhoon damaged homes and construct new typhoon resistant structures. However, several concerns were brought out during the public hearing in regards to the fee simple ownership of Chamorro Land Trust lands as well as the scope of incentives offered to both lending institutions and developers/contractors. The Committee also considered testimony to seed the Chamorro Loan Guarantee Fund to allow the CLTC to guarantee loans secured by Chamorro Land Trust recipients.

VI. COMMITTEE RECOMMENDATION

The Committee therefore recommends TO DO PASS Bill 470, as substituted, taking into consideration the Committee Findings cited above.



24th GUAM
LEGISLATURE

COMMITTEE ON
AGRICULTURE, LAND, HOUSING,
COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

Paka Disaster Recovery Act of 1998
Working Group Discussion
Tuesday, January 6, 1998
Conference Room

Summary of Discussion

I. CALL TO ORDER

The discussion group was called to order at 9:25 a.m.

II. ATTENDANCE

Gerry Cruz	Bankers' Association/Citizens Security Bank
Joseph Borja	Chamorro Land Trust Commission
Ron Teehan	Chamorro Land Trust Commission
Ed Untalan	Guam Economic Development Authority
Leigh Lujan	Guam Economic Development Authority
T. Ann Perez	Guam Economic Development Authority
Andrew Gayle	Guam Economic Development Authority
James Sablan	Guam Housing Corporation
Clyde Beaver	Guam Housing Corporation
Bobby Shringi	Guam Youth Congress
Ken Lujan	Small Business Administration
Shelly Bomberg	Small Business Administration
Bob Pearson	Small Business Administration
David Shimizu, M.D.	Governor's Office
Senator Vicente C. Pangelinan	Twenty-fourth Guam Legislature
Senator John C. Salas	Chairman, Committee on Housing
Kyle Oh	Office of Senator Vicente C. Pangelinan
Marcel Camacho	Office of Senator John C. Salas
John Meno	Office of Senator John C. Salas

III. INTRODUCTION

Senator John Salas provided an overview of the history of Bill 470. Introduced as an emergency measure after Supertyphoon Paka. The draft legislation was put together within five (5) days in conjunction with the Chamorro Land Trust Commission (CLTC), Guam Housing Corporation (GHC), and member banks for discussion during an Emergency Session on January 2, 1998. The legislation was created to take full advantage of, and provide the best use of, \$120 million made available to banks from the Federal Home Loan Bank of Seattle (FHLB) through their Community Investment Program (CIP).

While there was general support of the draft legislation, upon its introduction as a bill, concerns were raised by various groups on sensitive issues. Senator Salas noted that these concerns were worth looking into in order to create legislation that would be a win-win for everyone. At the request of Senator Salas, the bill was not brought up during the Emergency Session on January 2, 1998.

Taking advantage of another Legislative Session in January and the opportunity to present the bill before the public in a public hearing, Senator Salas decided to bring together a "working group" to discuss the bill and work on the sensitive issues to offer improvements to the bill. Organizations invited were the Bankers Association, CLTC, GHC, GEDA, Small Business Administration, the Governor's office, Twenty-Fourth Guam Legislature's Minority Leader, Committee on Housing member, Chamoru Nation, Guam Contractors Association, and the Guam Youth Congress.

These improvements would then be presented at the public hearing as possible amendments to the bill. The issues and concerns up for discussion are:

1. Fee simple ownership of Chamorro Land Trust lots in comparison to government guarantee on loans to CLTC borrowers. Will fee simple ownership adversely affect the CLTC and its mission? Can the government of Guam realistically afford to guarantee loans for CLTC recipients?
2. What ceiling, if any, should be placed on basis points to the cost of loans. Is the cap too high, when combined with incentives to lending institutions?
3. Incentives to lenders to offer 100% financed, zero down payment loans at preferred interest rates. Incentive to developers and contractors to offer lower construction costs. Are these incentives too high?
4. Using the \$120 million for disaster mitigation with the construction of typhoon resistant homes instead of just providing loans for construction of or repair to non-typhoon resistant structures. Ensure that there is less disaster mitigation in future natural disasters.

Senator Salas asked the group to keep in mind that the bill is open for discussion, but if there are concerns with any of its provisions, then offer a solution that will make this bill better. Senator Salas introduced Working Group Chairman Marcel Camacho, who will moderate and guide discussion on the bill.

IV. DISCUSSION

Basis Points

Chairman Camacho began the discussion with the issue of basis points that banks will add to their cost of funds. This would determine at what interest rate borrowers could secure these loans.

It was clarified that the FHLB would be offering the money at a 20 basis points discount on the Prevailing Rate. The cost of funds to the banks would then be the Prevailing Rate less the discount rate equals the cost of funds to banks (6.41% - .20% = %6.21 cost of funds to banks).

Mr. Gerry Cruz, representing the Bankers Association, explained that the funds from FHLB are not saleable on the secondary market. These funds will remain on a bank's assets & liability for the term of each individual loan, restricting a bank's growth ability. Further, the banks are offering 100% financed, zero down payment loans. This type of package is not available on the regular market, and interest rate should not be the focus. Each bank will have to determine the cost of providing these loans and at what interest. He further noted that the market will determine at what interest rate these loans will be offered so a cap will not necessarily encourage banks to offer loans at the highest rate possible.

Mr. Ed Untalan, GEDA, felt that banks will not loan out the full \$15 million. Most likely only a portion will be loaned out. He suggested that the banks set aside a special

portfolio and offer the program at special rates.

Clarification was made regarding income eligibility of the CIP program. FHLB is using the HUD definition for Guam of 115% over Guam's median household income of approximately \$42,500/annum. This would allow households earning \$67,000 or less to qualify under the CIP.

Chairman Camacho noted that in the case of the CLTC, they can only lease land. He posed the option of having GHC guarantee and provide loans to CLTC borrowers. Banks would provide funds to GHC at a cost of 50 basis points. GHC would then add 100 basis points while adding another 50 basis points for CLTC's administrative costs. In the end, Chairman Camacho felt that the interest rate for CLTC borrowers would be comparable to that of loans to the general public, while adding security to the loans.

Mr. Ed Untalan, GEDA, raised concern that Guam's borrowing ability on paper may be strong, but the government of Guam does not have the fiscal ability to repay all loans that may default. Further, he noted, having the government of Guam guarantee loans may affect the island's future bond capability.

Infrastructure

Chairman Camacho asked the panel to discuss whether Guam should borrow funds to pay for the infrastructure to the CLTC, Land for the Landless and Lada Estates.

It was noted that infrastructure costs for Lada Estates, CLTC, and the Land for the Landless is approximately \$80 million. This infrastructure would include off-site in the case of Lada Estates but will include on-site and off-site for Land for the Landless and Chamorro Land Trust.

Senator Salas noted that these developments were creatures of the government and the perception of responsibility for infrastructure will lay on the government. Politically, passing on the cost of infrastructure to the owner is unacceptable.

Mr. Ed Untalan, GEDA, noted that if the cost of infrastructure is passed on to the buyer, the assessed fee will repay the loan. However, if the government pays for all infrastructure, Guam does not have the fiscal ability to repay these loans.

Dr. David Shimizu, Governor's Representative, noted that the Governor stands firm on his belief that the government should provide and pay for infrastructure. He also noted that the Governor's office is working to find a way to make paying for these infrastructure possible.

Chamorro Land Trust

Ron Teehan, CLTC, noted that on Hawaii their land trust was able to initially capitalize their fund to meet FHLB requirements. Based on data, the Hawaii trust was able to calculate how many leases would default over a given time period and the account was sufficiently funded to take care of possible defaults. He further noted that by initially funding the CLTC, it will open the trust up to other federal programs such as the Small Business Administration (SBA), Housing and Urban Development (HUD), etc. The idea is to initially fund the trust and allow commercial leases of trust land to build CLTC's account.

Senator Vicente C. Pangelinan expressed his concern that if banks are getting a guarantee on loans for the CLTC, the incentives would provide too much. The guarantee is enough and banks would earn their profit on the basis points. Senator Pangelinan also expressed his opposition to fee simple ownership of CLTC land as this land must be held in perpetuity and because the sale would invite challenge to the validity of the Trust.

In regards to the banks, Mr. Gerry Cruz noted that the two main concerns are collateral for and ability of the CLTC borrowers to repay that loan.

Senator Salas noted to the group that this bill would potentially affect 25,000 households that fall within this income eligibility requirement, and not just benefit CLTC households. He further noted to the group that the \$120 million made available by the FHLB can be used right now without this legislation. However, many households would not be able to take advantage of this money simply because they will not be able to meet lending requirements of down payment and collateral. The bill must then ensure that more families will qualify and have the ability to construct typhoon resistant homes to lessen the disaster mitigation of future storms.

Mr. Ken Lujan, SBA, noted that the SBA does want to participate in this program but cannot, under current regulations, provide new home construction through the CIP. SBA currently is limited to renovation and repair as well as providing Bridge Financing to those that need immediate funds to begin repairs. Further, SBA is limited to offering \$10,000 for an unsecured loan for CLTC borrowers. However, SBA can loan additional funds for those with appropriate income and collateral. Mr. Lujan noted that this legislation, by including SBA in the language, could pave the way for SBA regulations to be changed. This then might allow SBA to offer loans for home construction.

Mr. Bob Pearson, SBA, also noted that SBA must have a guarantee or collateral for their loans in regards to the CLTC to protect the taxpayers.

Senator Salas read a letter from the FHLB in Seattle regarding the impact the bill may have as a model for other communities to follow in disaster mitigation and in providing affordable housing.

VI. ADJOURNMENT

After further discussion, it was agreed that another meeting is necessary to finalize discussion and proposed amendments to the bill. The group agreed to meet again on Friday, January 9, 1998 at 9:00 a.m. The working group was adjourned at 11:30 a.m.



24th GUAM
LEGISLATURE

COMMITTEE ON
AGRICULTURE, LAND, HOUSING,
COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

Paka Disaster Recovery Act of 1998
Working Group Discussion
Friday, January 9, 1998
Conference Room

Summary of Discussion

I. CALL TO ORDER

The discussion group was called to order at 9:23 a.m.

II. ATTENDANCE

Gerry Cruz	Bankers' Association/Citizens Security Bank
Evelyn Paulino	First Hawaiian Credit Corp
Karen Storts	Guam Contractors Association
J. Arthur Chan	Hawaiian Rock
Ron Teehan	Chamorro Land Trust Commission
Ed Untalan	Guam Economic Development Authority
James Sablan	Guam Housing Corporation
Clyde Beaver	Guam Housing Corporation
Ken Lujan	Small Business Administration
Shelly Bomberg	Small Business Administration
Bob Pearson	Small Business Administration
David Shimizu, M.D.	Governor's Office
Senator John C. Salas	Chairman, Committee on Housing
Jim Underwood	Office of Elizabeth Barrett-Anderson
Kyle Oh	Office of Senator Vicente C. Pangelinan
Marcel Camacho	Office of Senator John C. Salas
John Meno	Office of Senator John C. Salas

III. INTRODUCTION

Chairman Marcel Camacho welcomed the working group to its second and final discussion prior to the January 14, 1998 public hearing. Chairman Camacho distributed minutes of the January 6, 1998 working group discussion for review and revision. Some minor changes were requested to spelling and clarification. Changes were noted.

IV. DISCUSSION

Chairman Camacho asked that participants use this working session to offer amendments to Bill 470 in terms of Basis Points, Incentives, Infrastructure, and the Chamorro Land Trust. These proposed amendments would then be considered during the mark-up of Bill 470.

Basis Points & Incentives

Ed Untalan and Gerry Cruz agreed that opening up the incentives to all lending institutions would allow such a program to extend beyond the CIP deadline and promote healthy competition among lenders to offer the best interest rate possible. Lending institutions would only qualify for these incentives if they can offer up to 100% financing of the purchase price, cost of loan and fees and competitive interest rates. Opening up incentives to all institutions would:

1. Eliminate special interest legislation and possible discrimination to non stockholder banks.
2. Allow lending institutions to find best sources of money for loans to offer best possible interest rate.
3. Extend the affordable housing loan program indefinitely.

On the matter of setting a cap for the interest rate that lending institutions will be allowed to charge under this program, Ed Untalan and Gerry Cruz offered to work together to hammer out a reasonable figure that would be fair and beneficial to all participating lenders on Guam. Ed Untalan advised Chairman Camacho that he would be providing the outcome of this work-up on Monday, January 12, 1998.

Chamorro Land Trust

Gerry Cruz reiterated that the issue for banks regarding the Chamorro Land Trust is a matter of security and not necessarily collateral.

A proposed amendment from Ron Teehan, CLTC, would place initial seed money in the amount of \$2.5 million into the Chamorro Home Loan Guarantee Fund to cover defaults on loans. Growth would occur through taxes on improvements to CLTC lots, commercial leasing of CLTC properties and other changes to the CLTC Act enabling the trust to generate income.

If a CLTC borrower defaults on a loan, the CLTC will attempt to find another institution to assume the loan. Failing that, the CLTC would then repay the default. Further, to lessen the incidence of default, Ron Teehan recommended that the CLTC Act be amended to include income and loan repayment ability as part of the qualification process.

According to Ron Teehan, proposed amendments to the Chamorro Land Trust Act are under review by the Commission's Board of Directors and will be presented in February 1998.

Dr. Shimizu suggested that the Legislature appropriate \$2.5 million to initially fund the CLTC account. The question, however, was raised as to what the funding source would be for this initial seed money.

Infrastructure

On the matter of infrastructure, no amendment was offered. However, Dr. David Shimizu, Governor's Office, advised the working group that the Governor is currently working on a solution to ensure that infrastructure costs are borne by the government of Guam and not the individuals of Lada Estates, Chamorro Land Trust or the Land for the Landless programs.

CHAMORRO LAND TRUST COMMISSION

GUAM HOUSING CORPORATION

GUAM ECONOMIC DEVELOPMENT AUTHORITY

OFFICIAL ADMINISTRATION TESTIMONY

JOINT TESTIMONY on BILL NO. 470

(and recommended amendments)

Mr. Chairman, the Chamorro Land Trust Commission, the Guam Housing Corporation, and the Guam Economic Development Authority collectively thank you for this opportunity to testify on Bill No. 470. I would notably add, Mr. Chairman, that the testimony and **recommended amendments** we present here today come as a direct result of your efforts in facilitating the establishment of a multifaceted working group.

②

Tragically, Bill No. 470 comes on the heels of the devastating passage of Super Typhoon Paka. Though we can quantify the destruction in dollars and cents, there is no cost value we can assign to the pain, suffering and diminishment of the quality of our lives. What has occurred was all too predictable; it was only a matter of time. That we will once again be subjected to the ravages of another super-typhoon is predictable, as well. Since we can predict it, then, it stands to reason that responsible leadership must take the necessary steps to mitigate future impact. We must proactively create an alternative to simply cleaning up the debris of peoples live's.

As islanders, we are by nature optimists, and take heart in the old adage that every *cloud has a silver lining*. We are, as well, realists, and recognize that we often have to create our own silver lining. As such pertains to typhoons and families, this can only be accomplished by providing the means by which our people may have access to storm resistant homes, - and that, by extension, for many, means access to financing. Bill No. 470, **if carefully amended**, could do just that. It could establish the means by which hundreds of families might bridge the gap between stressful existence's in crowded sub-standard structures, and moving into their own typhoon resistant homes. If we were to use two words to describe the potential of Bill No. 470, it would be 'mitigation' and 'opportunity'.

Typhoon Paka did not cause a housing shortage on Guam. Rather, it greatly exacerbated an existing crisis relative to the ability of our people to realize their dream of home ownership. It inflicted further suffering upon thousands of people living in overcrowded conditions in substandard dwellings.

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The housing situation on Guam is the reverse of the national statistic on home ownership. On the mainland, the ratio is 68 percent homeowners versus 32 percent renting. On Guam, the ratio is 64 percent renting and 36 percent homeowners. This Bill, if amended, could go a long way towards reversing this trend. In this light, the Bill would seek to assist eligible low and moderate-income families achieve their ultimate dream of becoming first time homeowners. It accomplishes this by providing the necessary financing by which they may build secure, permanent homes. Homes which are highly resistant to the ravages of nature.

Through the generous offer of the Community Investment Program of the Federal Home Loan Bank of Seattle, there is available the sum of \$120M dollars for low and moderate income families. These funds are to be made available to build decent typhoon resistant homes at reasonable mortgage rates. Further, these funds can be made available to qualified borrowers with no money down and inclusive of all costs incurred in the turn-key acquisition of a home. To take advantage of this offer, however, it is necessary to provide a conducive lending environment within which prospective lending institutions may participate, while safely making a reasonable return.

Thus, several considerations come into play as we address this opportunity. First, to what extent do we encourage lending institutions to offer affordable rates conducive to encouraging prospective homeowners to participate? To what extent, if any, must we move to reduce the respective lending institutions cost of financing? Second, by what means are we to reasonably insure the security of the loans to be issued? This is, after all, not a charity or grant program, but rather, a qualified opportunity for access to affordable financing.

Relative to the proposal to offer GEDA incentives, we would like to make the following observations.

- 1) The objective or intent of this legislation appears to be to address the long-term and difficult problem of "Affordable Housing".
- 2) Discussion has involved the use of the GEDA QC Program as a "solution" in providing an incentive for banks to provide low fixed rates for consumers. These consumers seem to include land programs and "affordable housing" programs such as LADA. These consumers of the "land ownership" programs and the "affordable housing" programs cannot be combined. The individuals in the "land ownership" programs should be able to qualify for some sort of financing, whereas a special program has already been established for "LADA" estates.

- 3) The intent to use incentives to establish low fixed rates for affordable housing conflicts with existing programs already in place. All individuals, and small businesses for that matter, who do not qualify for conventional financing, can apply for applicable programs at the SBA, GEDA, GHURA, and GHC. That is the function of these government loans. Ironically, as these programs purposely do not compete with the banks, we try to create programs to have them compete against the government-sponsored programs. There is a reason for the existence of these programs and it addresses a need.
- 4) It has been argued that there is a need to provide incentives to banks to take on the additional risk. Banks underwriting criteria is established based on sound lending practices. These practices are reviewed by federal regulators and banks can be criticized for undue risk. Pricing, although relevant in terms of the banks profitability, is not considered as part of the written underwriting policy formation. It is for this reason that the banks were more willing to obtain a guarantee rather than the incentives.
- 5) Banks always have had the access to the Community Investment Program. It is a source of funds that banks have been using. There is no need to create incentives for banks to use the CIP program.
- 6) Banks can always create "low cost" programs using the CIP Program or whatever source of funding they may have. Doing so will qualify them for credit under the Community Reinvestment Act. Some banks have already established similar programs for this "state of emergency". This is solely dependent on the banks community relations and its internal social policies. Government programs exist to address the risk banks don't want to take. Additionally, we should let the "market" dictate the prices for the banks to charge.
- 7) GEDA QC's have and should only be used to create an "economic incentive" for outside investment. It can be industry specific, as in the case of the recent insurance legislation, or general as in the original program. It is designed to create employment.
- 8) GEDA QC programs should not be used in this case. It discriminates against other financial institutions as it identifies a certain group of institutions that are eligible. Additionally, the legislation, although not intentionally, favors those that use certain sources of funding.
- 9) Banks have always had access to the CIP program. In fact, the 8 banks that qualify already have access to \$80 million in lending, as opposed to the \$120MM offered. The \$120MM was a short term increase in the regional limits with a discount in the cost of funds so that banks "can take advantage of the opportunity" to "give a helping hand". It is obvious that some banks have created programs to "assist" our community, whereas others have not.
- 10) If the intent is to provide affordable housing, I believe the government has done a lot to do so, and is ongoing. The Mortgage Revenue Bond program, under the current interest rate environment, can provide low fixed rates at 6.1% to 6.2%, as opposed to the 7.75% - 8% the legislation is offering.

- 11) The use of "tax incentives" should be done with extreme caution. As the governments fiscal condition is tight, and more importantly, the fact that the revenue projections may have to be adjusted downward, we must be very careful in creating "tax incentive" programs.
- 12) Let's review what exists today:
 - a) To address the cost of land – there have been government projects such as the land for the landless, CLT, and the LADA Estates Affordable Housing Project
 - b) To address high risk financing or "affordable financing" – GHC, GEDA, SBA, GHURA, USDA, FHA, VA, etc – these are all government sponsored projects, both federal and local.
 - c) To address interest rates – Mortgage Revenue Bond
 - d) To address the cost of construction – PL 23-135
 - e) To address the cost of the "down payment" – Private Mortgage Insurance

Based on the preceding points, we do not recommend offering incentives which we maintain are not necessary.

As to the provisions pertaining to the Chamorro Land Trust Act, **we do not support the sale of Trust lands.** We fully recognize the significance of the opportunity being made available to low and moderate income families. Nonetheless, we must register our concern that the means by which access to financing is accomplished not undermine the very foundation of the Trust itself. We firmly believe that title for all Trust lands must remain securely within the Trust. The mandate to provide lands for native Chamorros carries with it the responsibility to insure the availability of lands in perpetuity for future generations. This must not be jeopardized by the fee simple sale of the Chamorro peoples resources.

In order to achieve the underlying objectives of Bill No. 470, we are respectfully proposing substitute language for Section 5 (please see the attached "Proposed Substitute Language for Section 5"). Basically, what we are proposing is:

1. The capitalization of the Chamorro Loan Guarantee Fund with an initial appropriation from the General Fund in the amount of \$2.5 million dollars.

This will provide the Commission with the means by which it could guarantee approximately 250 to 300 loans. Thus, the risk to the lending institution is not simply reduced, but rather, is outright eliminated. I would point out, as well, that this is in keeping with the authorization for an appropriation originally contained in the Trust's enabling legislation which was never carried out.

2. The removal of any constraints relative to limiting our ability to guarantee loans, and the ability to reassign the loan to another qualified Chamorro in the event of a loan default.

In this regard, we are proposing that the only limit on the amount the Commission may loan or guarantee be determined by the availability of funds in the Chamorro Loan Guarantee Fund, the Chamorro Home Loan Fund, and, the ability of the borrower to repay the loan.

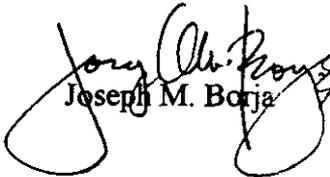
3. That the Chamorro Loan Guarantee Fund be further capitalized by tax revenues from improvements to Trust properties and from payments in lieu of (real property) taxes for Trust properties, commonly referred to as a 'pilot'.

A 'pilot' is a reasonable means by which beneficiaries of Trust programs would in turn collectively support the Trust, and other beneficiaries. It is our position that all Chamorros participating in the Trust have a collective cultural responsibility to insure that the instrumentality dedicated to promoting the optimization of their future remain strong and secure in its ability to promote the future of as many Chamorros as possible.

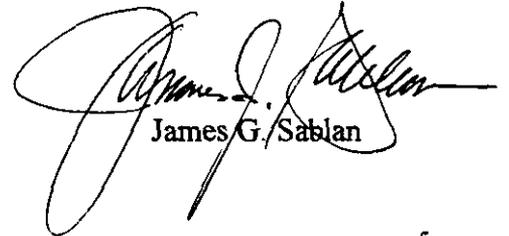
We would point out, Mr. Chairman, that the intent of our proposed amendments relative to Section 5 and the Chamorro Land Trust Act were found by the working group to be a workable solution.

Summary

In summary, Mr. Chairman, Members of the Committee, we wish to thank you for your efforts to facilitate the formation of a working group in what has truly become a collaborative effort to address the housing needs of our people. In this light, we pray that this effort will come to fruition by way of the passage of legislation which creates a win-win situation for all involved. Your favorable consideration and the passage of the proposed changes is respectfully sought and would be gratefully appreciated.


Joseph M. Borja


Ed Untalan


James G. Sablan

Chamorro Land Trust Commission

P.O. Box 2950 Agana, Guam 96910

Phone: 475-4251 Fax: 477-8082

Carol A. Ibanez, Chairperson
Rita C. Okada, Commissioner
John Q. Finona, Commissioner
Joseph T. Gumataotao, Commissioner
Tomas T. Aguon, Commissioner

Joseph M. Borja
Administrative Director

Lydia T. Cruz
Deputy Administrative Director

January 14, 1998

Senator John Salas
Committee on Agriculture, Land, Housing, Community,
Planning and Human Resources Development
Twenty-Fourth Guam Legislature
155 Hesler Street
Agana, Guam 96910

Re: Testimony on Bill No. 470 LS

Hafa Adai! Senator Salas:

Thank you for allowing me the opportunity to present my testimony on Bill No. 470 LS "An Act to Provide Assistance in the Recovery of the Devasting Effects from Typhoon Paka, and to Promote the Construction of Typhoon Resistant Homes."

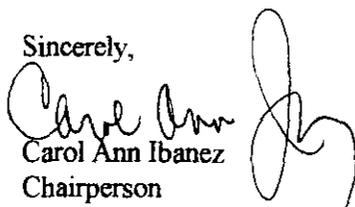
The Chamorro Land Trust Commission would like to go on record in support of Bill 470 LS. This Bill should it be enacted into Law will set the stage for Chamorro Land Trust beneficiaries to fully maximize Trust land to their benefit in providing a typhoon secured home for their families to live in.

This piece of legislation provides the financial mechanism that is needed to make it work for our people to build their homes. Without this component, we are only giving false hope to the more than 1,000 people we have given leases to date. Nothing has happened since we gave our first lease out last year, because no financial institution will entertain them now or in the future unless there is a guarantee or collateral to secure their loans.

The Trust has examined various methods to generate monies to finance our programs. We are stuck unless we as a people have the political will to re-evaluate the Act and make changes like what this Bill is proposing. No financial institution will loan monies to our people without protecting their investment. Certain rules and procedures are set in place to limit the risk they must take. Without this infusion of money into the Trust to provide the guarantee needed by lending institutions, I can guarantee you that the residential program will not work. What available financial resources to the Chamorro people are quite few and limited. We need to be more creative and aggressive in our effort to get what we can for as many people that we can possibly serve. To date, there are over 10,000 people depending on us to make this happen. It is also important to note that this amount of money will not go very far, but it is a step in the right direction.

Thank you for allowing me to give my testimony.

Sincerely,


Carol Ann Ibanez
Chairperson

TESTIMONY

of

Patty Garrido
P.O. Box 1239
Agana, GU 96932

(671) 649-6433

on

BILL NO. 470 (LS) - AN ACT TO PROVIDE ASSISTANCE IN THE RECOVERY OF THE DEVASTATING EFFECTS FROM TYPHOON PAKA, AND TO PROMOTE THE CONSTRUCTION OF TYPHOON RESISTANT HOMES.

Good evening, Senator Salas and members of the Committee. Thank you for your consideration in conducting this public hearing later in the day so that opportunity is provided to more of our people to attend. I, for one, appreciate your positive response to this request.

Now, as to Bill No. 470 - I must rise in opposition to this bill, as it is currently written.

Chamorro homelands in the inventory of the Chamorro Land Trust must be held for our people, in perpetuity, forever, to be passed down generation to generation so that our people will survive.

I strongly object to the singular suggestion that Chamorro homelands in the Chamorro Land Trust be sold in any manner to any individual, Chamorro and non-Chamorro alike.

To sell Chamorro homeland, as designated under the Chamorro Land Trust, violates the intent of the Trust.

That financial assistance to Trust recipients may be denied is not substantial enough a reason to sell off our lands.

History has shown that with indigenous peoples, when the colonizers dominate the people and cause them to assimilate their lifestyles, their laws, their traditions, the people of those lands always become disenfranchised, sometimes becoming extinct.

Through the land tenure systems of both Spain and America, the Chamorro people have lost their homelands, forced to register their lands in an attempt to identify ownership only to realize the foreign concept of land condemnations.

It is not in the Chamorro custom to register land ownership. It is not the Chamorro custom to own land individually, in fee simple.

Senator Salas, I have invested in purchasing the collection of Hale-Ta books developed by the Political Status Education Coordinating Commission, of which you were a member, possibly still are.

I remind you that the volume, "Hestorian Taotao Tano" (History of the Chamorro People) provides the following:

"In ancient Chamorro society, the familia lived close to each other. A group of familias is called "trongkon rasa, or a clan. The "rasa" owned all the land in ancient times. That is why the familia lived close to each other. When several families live close together, their settlement is called a village. Depending on the size of the land owned by the "rasa", and the number of families in it, there could be several villages in one "rasa's" land.

Today, you can buy land or you can inherit it from your relatives. That was not the case in ancient times. Back then, only clans could own land. Furthermore, women were the only people who could inherit land. The eldest and highest ranking women in a clan determined who could use clan land and where new homes were to be built. As such, women had a great deal of power."

I realize we live in a modern society today. That we must adapt in certain ways to co-exist with one another.

But, as we Chamorros have been alienated from our ancient teachings and traditions, by the colonizers and their ways, ^{they have} ~~we~~ endangered our very survival as a people.

The Chamorro Land Trust was designed to return Chamorros to their homeland. The intent of the Trust must not be hampered with yet more foreign concepts. If building safe, suitable

homes on our lands is the immediate pressing need, then we must be creative and innovative in finding the necessary funding to achieve those results.

The working group, headed by Senot Ron Teehan, stands ready to provide recommendations for funding, while ensuring Trust lands stay in tact in the Trust inventory.

Please allow for the debate and compromise in reviewing and hearing those recommendations.

Senators, Bill 470 must not pass as it is currently written. Chamorro homelands, wether in Trust inventory or original landowner ancestral homelands, IS NOT FOR SALE.

As a Chamorro woman who has been denied the privilege and practice to pass land down to the generations of my Children and Grandchildren who will survive me, because my legacy has been taken from me and which I am daily fighting for, I say again, CHAMORRO HOMELANDS ARE NOT FOR SALE.

Both Spanish and American traditions do not hold women in high regard as to their power or importance in decision-making. But I issue this caution. Ancient Chamorro tradition does. And Senators, Hell Hath No Fury Like a Woman Scorned.

DO NOT SELL OUR LANDS.

January 14, 1998

Senator John C. Salas, Chairperson
Committee on Agriculture, Land, Housing,
Community, Planning, and Human
Resources Development
T. S. Tanaka Bldg.
Rte. 4 Suite 210
Agana, Guam 96910

Re. Written Testimony on Bill 470 (LS)

Hafa Adai Senator Salas,

This letter serves to provide written testimony on Bill 470 (LS).

The measure appears to be one that rescues and gives hope to the "Low and Moderate Income" families of Guam whose homes were not spared by the devastation of Supertyphoon Paka. These same families are those who may not have the financial resources to fund the necessary costs that would ordinarily be a part of securing the financing of a home from lending institutions.

Many of us have been the victims of not only the perils of this natural disaster but have become victims of federal program eligibility requirements as well as insurance policies that leave us stranded with no place to get assistance to help us rebuild and or restore our homes to pre-typhoon condition.

I share with you my predicament. I am a registered farmer whose ranch house was uprooted by Supertyphoon Paka. This ranch house is where I store my entire garden supplies and equipment. This is where I also grow my starter plants before I place them on the ground. The Department of Agriculture officials have informed me (in accordance to Public Law 20-84) that I may only be covered for a percentage of damages to my plants and that assistance may not be provided for the ranch house. Furthermore, by definition of a farmer in accordance to the Farmers Home

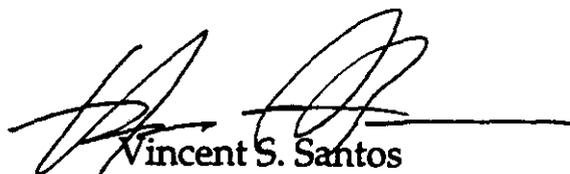
Administration program, Mr. Donald Okimoto, the Federal representative assigned to Guam (for disaster relief to farmers) has also verbally informed me, that I will not qualify for a loan to rebuild my ranch house. This predicament is further aggravated by my typhoon insurance that does not cover tin structures nor covers structures that are not a part of the main house. To add to this misery, I am made to understand that the annual income of my family exceeds that amount set under the Community Investment Program formula as currently applied in Bill 470.

As you are all aware, no one was spared by this destructive storm. Paka did not discriminate and chose to destroy only those who will be found eligible for benefits and programs under restricted economic guidelines. During her journey through Guam, Paka destroyed anything and everything in the path of her forceful winds.

Here we are now, one month after that devastating storm and there are those of us whose efforts to seek help have remained futile. We are families who may live comfortably by societal standards defining middle class citizens. This does not necessarily mean we have the financial resources needed to bounce back from this calamity.

I ask that you waive the income limit established by the Community Investment Program of the Federal Home Loan Bank of Seattle. Please open this opportunity to everyone who needs to restore or rebuild more permanent structures so that we may all be better prepared for the next storm which is inevitable for Guam. Like Supertyphoon Paka, please do not discriminate. Serve everyone.

Thank you.


Vincent S. Santos
P. O. Box 182
Agana, Guam 96932
Telephone Nos.: 565-2024 (home)
344-9382 (work)

cc: Committee Members

GHURA

Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudat Guahan
117 Bien Venida Avenue • Sinajana, Guam 96926
Phones: (671) 477-9851 to 4 • Fax: (671) 472-7565 • TTY # (671) 472-3701



JAN 14 1998

Honorable John Camacho Salas
Chairman, Committee on Agriculture, Land, Housing
Community and Human Resources Development
Twenty - Fourth Guam Legislature
155 Hesler Street
Agana, Guam 96910

Re: Bill No. 470 Paka disaster Recovery Act

Dear Senator Salas:

Our comments on this bill are limited to Section 4 of the bill which authorizes the government of Guam to borrow from the Federal Home Loan Bank's Community Investment Program to construct infrastructure in the various "Land for the Landless" subdivisions. The government is to pay the loan by selling the lots at the pro rated cost of installing the infrastructure.

The selling price for these "Land for the Landless" lots is fixed by statute at \$2,500. The proposed legislation does not explicitly amend the various statutes that authorized the sell of land at the fixed price of \$2,500.

There are no provisions for families who are unable or who refuse to reimburse the government the cost of constructing the needed infrastructure. Thus, the government's ability to repay any loan based on a selling price higher than the original \$2,500 is compromised.

We believe that any loan program to assist these families must provide incentives for them to voluntarily include the cost of infrastructure in their home loan application. Perhaps providing further interest subsidies or deferred loans based on an income criteria will allow the government to work around the existing price of the lot. We must provide alternatives housing options for those families in the "Land for the Landless" subdivisions who are unable to qualify for any type of home loan or self-help program.

Historically, the overriding goal of the "Land for the Landless" program is to sell house lots at below fair market price. There are no income tests to limit the sell of these lots to those landless families with the wherewithal to self-construct or borrow funds to construct a home. Based on our experiences with the Astumbo and Ija "Land for the Landless" subdivisions, many of these families will require major subsidies to qualify for home loans.



January 14, 1998

Bill 470

Page 2 of 3

Household data gathered from the Ija subdivision lottery winners indicate that twelve percent (12%) of the families have no form of income. The median income is \$21,000 and the average household size is 3 members. Many of these families are not in a position to borrow money from a financial institution to construct a home in the Ija subdivision.

Over three fifths of the families entitled to purchase a lot in the Astumbo subdivision are receiving housing assistance from GHURA. Their ability to repay a home loan is marginal at best. It has been four years since the lots were distributed through a lottery. Only 73% of the 503 lots have been fully paid. Many of these families have built substandard houses on their lots. We are continuing to work with various private and public organizations to develop programs to assist these families in building their homes.

This *ad hoc* approach to providing homeownership assistance to the families in the various "Land for the Landless" developments is a daunting challenge. However, we believe we are making headway as the various public and private entities coordinate our efforts under the framework of Governor Gutierrez's Vision 2001 plan. The Affordable Housing Task Force is committed to implementing the authorized "Land for the Landless" subdivisions. We hope to work closely with the member institutions of the Federal Home Loan Bank to develop programs to assist these families.

It is unlikely that the government will be able to recreate the heavily subsidized program that resulted in the construction of the Sagan Linahyan subdivision. House and lot were sold at \$2,501. The families have ten years to pay the government the \$2,500 price for the lot. Over \$12 million went into creating the subdivision.

A handful of these families have been able to make permanent improvements to their original dwelling units. However, many more units require substantial rehabilitation after less than four years of occupancy. Maintaining a house is the second biggest burden of homeownership; second only to the responsibility of paying the monthly mortgage payment. Many of these families are unprepared for this burden.

The programs and developments cited in the bill focus on affordable home ownership. A cursory review of these programs show that adjusting land prices, to well below fair market, does not help the more disadvantaged families solve their



January 14, 1998
Bill 470
Page 3 of 3

housing problem. We must develop a mix of affordable rental units as well as affordable homeownership units.

The Authority has been reviewing the feasibility of developing its various undeveloped parcels as mixed homeownership and affordable rental units. For example, our Umatac properties have few development constraints and we are pursuing various financing options to pay for infrastructure and housing construction.

We request that GHURA properties be included along with the various "Land for the Landless" subdivisions for financing through the Guam Housing Corporation. We will pursue mixed homeownership and rental housing developments on these properties.

Sincerely,


TALING M. TAITANO
Executive Director

OPPOSITION TO BILL 470. 1/14/48
Hafa Adai Mr. Chairman and Members of the
Committee:

My name is Harold Cruz a native Chamorro
who qualifies for land under the CLTC. I
don't live on Govt land, I am not a
recipient of the CLTC, nor have I submitted
an application for land under the CLTC.

I am here to give testimony in opposition
of Bill 470 as intended by its author.
Why? If these lands are sold it ~~will~~
will violate the intent of P.L. 12-226 as
intended by its author. The Chamorro
Land Trust Act is a "TRUST." By amending
the law it violates this TRUST.

As leaders we ~~must~~ must explore under
avenues. Guam Housing Corporation secures home
loans - why can the CLTC Commission to mirror
the same concept,

Again I oppose this measure as written and
intended.

Put Respects,

Harold Cruz

12-14-98

Bill No. 470 (LS)

This is my written testimony.

1. In addressing the issue of a "fee simple" transfer of property, why not just issue a "contingent future interest" document to the ~~recipient~~^{recipient} of Land Trust property while the Govt of Guam retaining title to said property.
2. With \$120,000,000.00 available and assuming loans of \$100,000 to each recipient that allows for 1200 individuals. I'm sure there are more than that many individuals qualified for land trust land. And if you use all the \$120 million where is the money for the infrastructure?
3. Regards the requirement of property recipients to pay their fair share of the cost for infrastructure, I see this as added burden to people who are already in the medium to low income bracket. They would be pay for the loan plus the cost of the infrastructure

Richard E. Borja
REBorja

January 14, 1998

Committee on Agriculture, Land, Housing, Community, Planning, and Human
Resources Development
24th Guam Legislature
155 Hesler Street
Agana, Guam 96910



REF: Testimony on Bill 470 - An act to provide assistance in the recovery of the devastating effects from Typhoon Paka and to promote the construction of typhoon resistant homes.

Good afternoon Mr. Chairman, Committee Members and fellow Chamorros:

Thank you for this opportunity to enter my testimony for the record.

If this bill becomes law, the Chamorro Land Trust Act becomes nothing more than a government program to sell public land to private citizens who are Chamorros. Then, it will be open for challenge by other private citizens who are non-Chamorros on the basis of unconstitutionality due to discrimination. It is likely that the courts will strike it down on that basis.

Contrary to information being circulated to the public, the Federal Home Loan Bank of Seattle makes low-interest loans to its customers (banks) to permit low-interest loans in turn for community development programs such as home mortgages to low- and moderate-income families. Disaster declaration is not a prerequisite for the Seattle bank to activate the loan program - it is available even in the absence of a typhoon.

Financing for Land Trust lessees' homes should be transacted in the manner set forth in 21 GCA Chapter 75. That is to say, the government of Guam should infuse the Chamorro Home Loan program with money and let the Land Trust Commission lend money to lessees to build homes. The Land Trust Act should not be compromised to satisfy someone other than its clientele.

Land ownership under Guam law is either absolute OR conditional. This bill will make it absolute AND conditional. Will this ambivalence be accepted by lending institutions?

GovGuam will be the guarantor of loans issued to qualified Chamorros. Yet, in the event of default, lending institutions are given the option NOT to sell to GovGuam.

My problem with this bill is that it tries to provide one answer to several related, though, mutually-exclusive, questions: how can land-for-the-landless buyers secure money to build homes; how can people who bought the "dollar" homes get financing to improve them; how can Chamorros get money to build on their 99-year-leased lots? That one answer is "give the lending institutions the ability to foreclose on the properties and they will be comfortable in issuing loans". The price tag for their cooperation and help is the sell-out of Guam's indigenous people, too expensive for me.

January 14, 1998
Testimony on Bill 470

Mr. Chairman and Committee members, pull this bill back, don't let it see the light of day again. I oppose its further consideration as presently written. I appreciate its intent but the mechanism to achieve the alleged objective is unacceptable.

I offer this alternative. The Chamorro Land Trust Commission should employ its assets (land) to leverage the banks into a business deal (mortgage loans, infrastructure development), using government entities (GEDA, GHC GHURA) as loan guarantors. Take this package and present it to the Seattle bank. As my father told me, "the ocean is big with many fishes; don't be too excited about the first bite".

Fanohge Chamorro. Si Yu'os Ma'ase.


ALVIN J. DUENAS



Federal Home Loan Bank of Seattle

MISSION

WHO'S WHO

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The Federal Home Loan Bank of Seattle (Seattle Bank) is a privately owned and managed wholesale financial institution. Our customers are commercial banks, savings institutions, credit unions, insurance companies and housing finance agencies headquartered in the states of Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming and the Territory of Guam. The Federal Home Loan Bank of Seattle provides our customers with funding, community lending and other banking services to enable them to meet their communities' credit needs, expanding housing and economic development opportunities in the region.

Brief History of the Federal Home Loan Bank System

The Seattle Bank is one of 12 Federal Home Loan Banks in the nation. The Federal Home Loan Bank System was created by Congress in 1932 to ensure the availability of funds for housing. Today, the Federal Home Loan Banks serve a network of more than 6,000 community financial institutions nationwide. These lenders own stock in their regional Federal Home Loan Bank and earn quarterly dividends on their investment. The Federal Housing Finance Board, an independent government agency located in Washington, D.C., is the oversight agency of the Federal Home Loan Banks.

Providing Funding For Stronger Communities

Funding is the Federal Home Loan Bank of Seattle's primary service. With our Aaa rating, we can raise funds in the capital markets at interest rates only slightly higher than Treasury obligations. We pass the rate advantage on to our customers through low-cost loans, or advances. Advances are available at fixed and variable rates, in maturities from overnight to 30 years. As a source of low-cost, reliable and easily accessible funds, the Seattle Bank supports the competitive performance of financial institutions, better enabling them

to meet the diverse credit needs of their communities.

In addition to funding, the Seattle Bank offers financial services to help lenders manage their cash investments and back-office operations. We also provide library, research and consulting services, offering financial institution managers information and analysis to help enhance their organization's performance.

Supporting Affordable Housing and Economic Development

The Federal Home Loan Bank of Seattle is one of the region's leading providers of funds for affordable housing, with targeted programs that support the development of rental and owner-occupied housing for lower-income families and individuals. In addition, the Seattle Bank's financial institution customers use reduced-rate advances to strengthen their communities through economic development projects providing jobs or other benefits to lower-income households. The Seattle Bank's Community Lending Services have spawned hundreds of partnerships among lenders, nonprofit organizations and governments, and resulted in the creation or rehabilitation of affordable homes and decent jobs for thousands of households in the region.

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TESTIMONY ON BILL NO. 470
IN BEHALF OF THE ORGANIZATION OF PEOPLE
FOR INDIGENOUS RIGHTS
BY RUFO J. LUJAN

Senator Salas and members of the Committee on Agriculture, Land, Housing, Community, Planning and Human Resources Development, thank you for this opportunity to testify on Bill No. 470, entitled An Act to Provide Assistance in the Recovery of the Devastating Effects from Typhoon Paka, and to Promote the Construction of Typhoon Resistant Homes. I am here in behalf of the Organization of People For Indigenous Rights (OPI-R).

The OPI-R commends the authors of the bill for taking the initiative to provide the opportunity to make low interest loans available for the benefit of low and moderate income people and neighborhoods. If the intent of the bill is carried out then devastation from future typhoons will be minimized.

The OPI-R is, however, concerned with Section 5 of this bill making amendments to the Chamorro Land Trust Act. The provision to "allow recipients fee simple ownership of Trust properties to use for collateral purposes to construct safe, wind-proof homes" will create legal problems for the CLTC and further continue the reduction of land inventory under the Commission's purview (emphasis added). Black's Law Dictionary defines *fee simple absolute* as "an estate limited absolutely to a man and his heirs and assigns forever without limitation or condition." Guam's law, 21 GCA §1210, provides for only two classes of ownership of property: absolute; or, qualified. Section 1211 of 21GCA states that, "The ownership of property is absolute when a single person has the absolute dominion over it, and may use it or dispose of it according to his pleasure, subject only to general laws." The conditions imposed by Section 5 (b) in the bill conflicts with Section 5 (a) in that Section 5 (b) makes the property *qualified* (see 21 GCA §1212) while Section 5 (a) states that it is *fee simple*. A lending institution will be reluctant to lend money to a borrower under this uncertainty. Another potential problem area is Section 5. (b). (4). which dwells in the realm of contract laws and, thereby, enforceable under those laws.

Bill No. 470 proposes a short term solution to a long standing issue. The Legislature is the policy making body and it can provide for alternative solutions to the funding issue. The Guam Housing Corporation, GHURA or GEDA, or all of them, can be mandated to make money available for the CLTC housing program. Another alternative for revenue generation is the leasing of CLTC property for commercial purposes.

Senator Salas and Committee members, the Guam Legislature continues to make incursions on the CLTA since its passage in 1973. There have been over 12 actions by the Legislature in the past that has affected the amount of land available to the CLTC. This bill is a mirror of the Land for the Landless Program and continues the erosion of available lands under the CLTC's purview.

The intent of the bill is good. The OPI-R recommends that it be amended to apply to the Lada Estates and Land for the Landless programs. If the lessees under the CLTC residential and agricultural lot programs can be made eligible without jeopardizing the properties under the Commission then we support that, too. But, the OPI-R is opposed to any action that will diminish the ability of the Commission or decrease the amount of lands under the Commissions purview thereby impairing the implementation of the Chamorro Land Trust Act. Further, we must emphasize that under no circumstances will we support a bill selling Chamorro land.

TO: Senator John C. Salas- Chairman, Committee on Agriculture, Land, Housing,
Community, Planning, and Human Resources Development.

FROM: Bobby Shringi- Vice Speaker, Guam Youth Congress.

DATE: January 12, 1998

SUBJ. Review of Bill 470

The housing problem within the island of Guam is very ludicrous, as rising prices have made it difficult for many of our young residents from making the dream of owning a home come true. Rising prices are only part of the problem, as the real demon is getting the dream financed.

There were initial requirements that one had to have a college degree to get a "good job". Once that was accomplished, the "good job" required sufficient amount of work experience. That of course was difficult, due to the amount of time spent in the classrooms. Once one acquired a job, and attempted to get some form of financing, the next demon was the income sufficiency, as well as the amount of time they spent in the company. Predicament's such as these made financing even more difficult then providing a down payment.

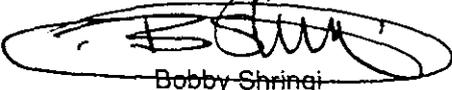
Considering these factors has certainly convinced me that Bill 470 is indeed a great step in assisting those who have suffered destruction due to Typhoon Paka. Residents are facing a difficulty in acquiring needed fund's to help rebuild their homes, most of which was destroyed by the wrath of the tremendous storm. Bill 470 is a blessing in disguise from the consumer point of view, as the individual who has a difficulty in acquiring fund's due to qualification's, can now acquire funds through the CIP Program, which would involve a no-down, fees prepaid loan, with a very reasonable fixed term interest rate.

Guam need's to prepare itself for the wrath of any future natural disaster, whether it be another typhoon, earthquake, or a major flood. We need to see more concrete structures, so that our people and their belongings will be protected. It is splendid to see that our local banking institutions are providing their quality service in assisting with the CIP program. Tax incentives given to those participating in the program, might be a financial burden on our government, but at the same time it would be a great opportunity, for thousands of our residents, to gain banking assistance, in getting back on their feet following the disaster known as Paka.

The concern, although, is not at the financial loss our Government could take with the CIP program, but with the curiosity of the outcome of having the Government serve as Guarantors for the loan recipients. Considering that many of these individuals are from middle to lower income families, the chances of defaults come greatly into consideration. Our government could take a tremendous beating if they can't find a qualified customer to assume the defaulted property. As for the number of the basis points, that of course is a decision that the financial institutions should decide upon.

Bill 470 is a great start for middle to lower income families to acquire needed funds, as well as for our residents to take the initial step in starting their dream of owning their own home. Bill 470 is a piece of legislation with a great intent, but with a concern of the future of the Government, in relation to the number of homes defaulted. I have always believed that the government is of our people, and that the government should assist our people. Yet if it comes to a situation where our government might suffer due to certain consequences, we must take careful steps. This I believe is the only weakness for bill 470.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bobby Shringi', is enclosed within a hand-drawn oval. The signature is written in a cursive style.

Bobby Shringi



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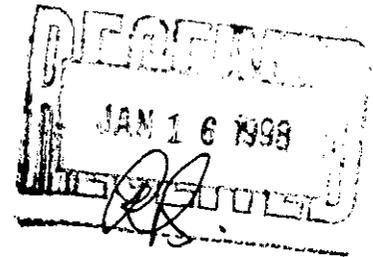
P.O. Box 988, Agana, Guam 96932, Ph: 477-1985 / Fax: 477-1987



January 15, 1998

Honorable John Camacho Salas, Ph.D.
Senator, Twenty-Fourth Guam Legislature
Tanaka Building, Suite 100
Agana, Guam 96910

RE: Bill 470



Dear Senator Salas:

I am slowly catching up. This letter to you is my testimony against Bill 470.

I am sorry to say, but as you said it yourself, . . . "long standing problem." The reason for the spiraling downward situation and for the conditions that speak for themselves on Guam is the government, a well known and documented fact.

The arguments we hear from various people, yesterday, point out clearly that things have deteriorated beyond belief. And action, the likes of Bill 470, attack proven and acceptable standards and further compromised principles.

These are the reason for the creation of three generations of people, on Guam, who lack conviction, which is evidence in the erosion of work ethics, family values, and faith in God. Many of our people, in all walks of life, are now worshipping politicians.

The Chamorro Land Trust Act, in itself, is unfair, unethical, and unjust. And Bill 470 only amplifies its inequity. These actions caters to the status quo that was created out of the blatant violation of private property rights after WWII, which has been orchestrally covered up to this very day. When is this historic wrong going to be righted?

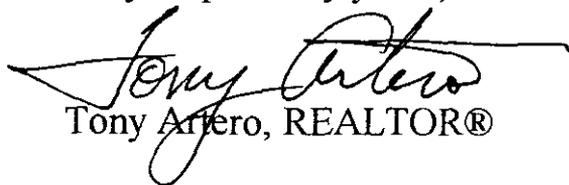
Piecemeal and patch up solutions, which have ben the practice in the past 50 plus years, will not fix the problem. What needs to be done is to restore our fundamentals and basic principles of democracy of which I spent 21 years of my life, in the submarine force, defending. Guam has been needing individual economic freedoms not handouts.

Also, the implementation of a holistic land use plan. The plan must provide for a spine highway, inland, extending north to south, incorporating land conservation, aviation, and ground transportation safety, which have all been denied all these years in favor of the status quo.

This "New Island Order" would halt further helter skelter development. This plan will be an authentic "way forward" to a sustainable economic growth for the future with development in harmony with the environment, law and order, and the preservation of our democratic values.

In closing, I urge the Good Senators to vote against Bill 470.

Very respectfully yours,


Tony Artero, REALTOR®